

partially owned by eligible cooperatives described in § 613.3100(b), and facilitates the international business operations of such cooperatives.

(e) *Restrictions.* (1) When eligible cooperatives own less than 50 percent of a foreign or domestic legal entity, the amount of financing that a bank for cooperatives or agricultural credit bank may provide to the entity for imports, exports, or international business operations shall not exceed the percentage of ownership that eligible cooperatives hold in such entity multiplied by the value of the total assets of such entity; and

(2) A bank for cooperatives or agricultural credit bank shall not finance the relocation of any plant or facility from the United States to a foreign country.

Subpart C—Similar Entity Authority Under Sections 3.1(11)(B) and 4.18A of the Act

§ 613.3300 Participations and other interests in loans to similar entities.

(a) *Definitions.* (1) *Participate* and *participation*, for the purpose of this section, refer to multi-lender transactions, including syndications, assignments, loan participations, subparticipations, other forms of the purchase, sale, or transfer of interests in loans, or other extensions of credit, or other technical and financial assistance.

(2) *Similar entity* means a party that is ineligible for a loan from a Farm Credit bank or association, but has operations that are functionally similar to the activities of eligible borrowers in that a majority of its income is derived from, or a majority of its assets are invested in, the conduct of activities that are performed by eligible borrowers.

(b) *Similar entity transactions.* A Farm Credit bank or a direct lender association may participate with a lender that is not a Farm Credit System institution in loans to a similar entity that is not eligible to borrow directly under § 613.3000, 613.3010, 613.3020, 613.3100, or 613.3200, for purposes similar to those for which an eligible borrower could obtain financing from the participating FCS institution.

(c) *Restrictions.* Participations by a Farm Credit bank or association in loans to a similar entity under this section are subject to the following limitations:

(1) *Lending limits.* (i) *Farm Credit banks operating under title I of the Act and direct lender associations.* The total amount of all loan participations that any Farm Credit bank, agricultural credit bank, or direct lender association has outstanding under paragraph (b) of this section to a single credit risk shall not exceed:

(A) Ten (10) percent of its total capital; or

(B) Twenty-five (25) percent of its total capital if a majority of the shareholders of the respective Farm Credit bank or direct lender association so approve.

(ii) *Farm Credit banks operating under title III of the Act.* The total amount of all loan participations that any bank for cooperatives or agricultural credit bank has outstanding under paragraph (b) of this section to a single credit risk shall not exceed 10 percent of its total capital;

(2) *Percentage held in the principal amount of the loan.* The participation interest in the same loan held by one or more Farm Credit bank(s) or association(s) shall not, at any time, equal or exceed 50 percent of the principal amount of the loan; and

(3) *Portfolio limitations.* The total amount of participations that any Farm Credit bank or direct lender association has outstanding under paragraph (b) of this section shall not exceed 15 percent of its total outstanding assets at the end of its preceding fiscal year.

(d) *Approval by other Farm Credit System institutions.* (1) No direct lender association shall participate in a loan to a similar entity under paragraph (b) of this section without the approval of its funding bank. A funding bank shall deny such requests only for safety and soundness reasons affecting the bank.

(2) No Farm Credit bank or direct lender association shall participate in a loan to a similar entity that is eligible to borrow under § 613.3100(b) without the prior approval of the bank for cooperatives or agricultural credit bank that, at the time the loan is

Farm Credit Administration

Pt. 614

made, has the greatest volume of loans made under title III of the Act in the State where the headquarters office of the similar entity is located.

(3) No bank for cooperatives or agricultural credit bank shall participate in a loan to a similar entity that is eligible to borrow under §613.3010 or 613.3020 without the prior consent of the Farm Credit bank(s) in whose chartered territory the similar entity conducts operations.

(4) All approvals required under paragraph (d) of this section may be granted on an annual basis and under such terms and conditions as the various Farm Credit System institutions may agree.

[62 FR 4444, Jan. 30, 1997]

PART 614—LOAN POLICIES AND OPERATIONS

Subpart A—Lending Authorities

Sec.

- 614.4000 Farm Credit Banks.
- 614.4010 Agricultural credit banks.
- 614.4020 Banks for cooperatives.
- 614.4030 Federal land credit associations.
- 614.4040 Production credit associations.
- 614.4050 Agricultural credit associations.
- 614.4060 Affiliates established pursuant to section 8.5(e)(1) of the Farm Credit Act of 1971.

Subpart B—Chartered Territories

- 614.4070 Loans and chartered territory—Farm Credit Banks, agricultural credit banks, Federal land bank associations, Federal land credit associations, production credit associations, and agricultural credit associations.
- 614.4080 Loans and chartered territory—banks for cooperatives.

Subpart C—Bank/Association Lending Relationship

- 614.4100 Policies governing lending through Federal land bank associations.
- 614.4110 Transfer of direct lending authority to Federal land bank associations and agricultural credit associations.
- 614.4120 Policies governing extensions of credit to direct lender associations and OFIs.
- 614.4125 Funding and discount relationships between Farm Credit Banks or agricultural credit banks and direct lender associations.

- 614.4130 Funding and discount relationships between Farm Credit Banks or agricultural credit banks and OFIs.

Subpart D—General Loan Policies for Banks and Associations

- 614.4150 Lending policies and loan underwriting standards.
- 614.4155 Interest rates.
- 614.4160 Differential interest rate programs.
- 614.4165 Special credit needs.

Subpart E—Loan Terms and Conditions

- 614.4200 General requirements.
- 614.4231 Certain seasonal commodity loans to cooperatives.
- 614.4232 Loans to domestic lessors.
- 614.4233 International loans.

Subpart F—Collateral Evaluation Requirements

- 614.4240 Collateral definitions.
- 614.4245 Collateral evaluation policies.
- 614.4250 Collateral evaluation standards.
- 614.4255 Independence requirements.
- 614.4260 Evaluation requirements.
- 614.4265 Real property evaluations.
- 614.4266 Personal and intangible property evaluations.
- 614.4267 Professional association membership; competency.

Subpart G [Reserved]

Subpart H—Loan Purchases and Sales

- 614.4325 Purchase and sale of interests in loans.
- 614.4330 Loan participations.
- 614.4335 Borrower stock requirements.
- 614.4336 Borrower rights in connection with loan sales.
- 614.4337 Disclosure to borrowers.

Subpart I—Loss-Sharing Agreements

- 614.4340 General.
- 614.4341 Financial assistance.
- 614.4345 Guaranty agreements.

Subpart J—Lending and Leasing Limits

- 614.4350 Definitions.
- 614.4351 Computation of lending and leasing limit base.
- 614.4352 Farm Credit Banks and agricultural credit banks.
- 614.4353 Direct lender associations.
- 614.4354 Federal land bank associations.
- 614.4355 Banks for cooperatives.
- 614.4356 Farm Credit Leasing Services Corporation.
- 614.4357 Banks for cooperatives look-through notes.
- 614.4358 Computation of obligations.